



Significant Changes in U.S. Patent Laws

Intellectual Property Update 2000

By John T. McNelis (jmcnelis@fenwick.com)

On November 29, 1999 President Clinton signed the Intellectual Property and Communications Omnibus Reform Act of 1999 (the "Act"). The Act significantly modified the patent laws of the United States by (1) mandating publication of certain applications, (2) expanding the number of situations in which a patent term is extended, (3) adding a first inventor defense to patent infringement claims for methods of doing and conducting business, and (4) allowing for increased third party participation in reexamination proceedings. Some of these modifications become effective for applications filed on or after November 29, 2000 while some of these modifications are already effective. This article summarizes these modifications and identifies some factors that should be accounted for when forming a strategic patent plan.

I. 18 Month Publication of Some Patent Applications

A common complaint of the patent system in the United States is that, because pending applications are not available to the public, a company that introduces a product or develops a technology may discover several years later that another company's patent was pending at the time of such a product introduction which may result in an expensive redesign or payment of a licensing fee to the patentee.

The Act reduces this threat by requiring that many utility patent applications filed on or after November 29, 2000 be published 18 months after the application's earliest priority date. The U.S. Patent and Trademark Office ("PTO") has published proposed rules implementing the Act that permits public access to the application as published, and also permits public access to the prosecution history of the application. Therefore, a competitor of the applicant can review the modifications of the claims and potential estoppel arguments set forth by the applicant within days after such modifications and arguments are filed with the PTO.

This unfettered access to the prosecution history of pending applications provides competitors with a new product clearance strategy option. Instead of waiting until a patent issues, the competitor can now aggressively analyze pending applications to determine the likely scope of the claims. Although the claims may later be broadened, the information gleaned by reviewing the prosecution history provides the competitor with a better understanding of the risks of its own product development.

A. Applicant Can Opt-out of the Publication Requirement

Although this publication requirement improves the ability of competitors to learn about pending applications, there are some

significant limitations. First, an application may be pending for 18 months before it is published so there is still a period of time that the competitor will not be able to review the application. Second, the applicant can opt-out of the publication process if he certifies that the invention disclosed in the application has not and will not be filed in any country that requires publication 18 months after filing. Essentially, the applicant can prevent the application from being published in the U.S. if the invention claimed and disclosed in the U.S. application is not included in an patent application filed internationally.

To opt-out of the publication the applicant must make a request for non-publication and file a certification that the invention disclosed in the application has not and will not be filed in any country that requires publication 18 months after filing *at the time of filing*. Failure to opt-out at the time of filing will cause the application to be published unless the application is affirmatively abandoned several months prior to the publication date.

Patent applicants are encouraged to file such a request and certification with all applications unless the applicant is sure that the invention disclosed in the application will be, or has been, filed internationally. This strategy preserves all of the applicant's options since, if he later decides to file an international application, the applicant is permitted to rescind a non-publication request at any time prior to 45 days after such an international filing. Failure to meet this 45 day deadline may result in the abandonment of the application.

B. Provisional Rights

If an application is published, the Act provides provisional rights to the applicant. These provisional rights give the applicant the right to a reasonable royalty against one who makes, uses, offers for sale or sells in the United States the invention as claimed in the published application, subject to the following conditions. First, the right to a reasonable royalty applies only to a published claim that is "substantially identical" to an issued claim. The meaning of "substantially identical" is not defined in the statute. It may be that modification of a published claim that substantively changes its scope will not be considered to be substantially identical with an issued claim. In order to maximize the potential provisional rights, applicants should attempt to have a range of claims be part of the published application, e.g., the range of claims should include claims having a broad scope and claims having a narrow scope. This will provide the applicant with a better chance of having some of the published claims be substantially identical to an issued claim since a published narrow